

## Virginia Department of Mines, Minerals &amp; Energy

## Virginia Gas and Oil Board

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Minutes and results of hearing, November 15, 2005

Board members present: Ms. Barber, Mr. Harris, Mr. Ratliff, Mr. Simon, Mr. Wampler

1. The Virginia Gas and Oil Board heard a petition from Hard Rock Exploration, Inc. for pooling of conventional gas unit HRVAE #12, PK K-20, Garden District, Buchanan County, Virginia. Docket Number VGOB-05-0920-1502. Continued from October.

In the HRVAE #12, K-20 180-acre conventional gas unit, the applicant controls 39.3% of the oil and gas interests, and seeks to pool the remaining 60.7% of the interests. Unleased acreage subject to pooling totals 109.2 net acres in four tracts having five owners who are leased to a different operator. There are no unlocated owners subject to escrow. No permit application has been submitted. Continued to January hearing.

2. The Virginia Gas and Oil Board heard a petition from Melvin Jack Long appealing the decision of the Director of the Division of Gas and Oil to issue permit for coalbed methane well VC-536078 for operations in the Kenady District, Dickenson County, Virginia subsequent to Informal Fact Finding Conference 17005. Docket Number VGOB-05-1018-1494. Continued from October.

Petitioner, a surface owner, objected to the proposed operations on the grounds that the operations would unreasonably interfere with owner's use of the surface. The Director, ruling that the operations did not constitute an "unreasonable infringement", denied the objection. Continued to December Hearing.

3. The Virginia Gas and Oil Board heard a petition from Tony S. McClanahan and others appealing the decision of the Director of the Division of Gas and Oil to issue permit for conventional well CNR 825404 (HCS-10) for operations in the North Grundy District, Buchanan County, Virginia subsequent to Informal Fact Finding Conference 17605. Docket Number VGOB-05-1115-1540.

Petitioners, who are coal owners, objected to the proposed operations on the grounds that drilling and completion of the well could cause damage to their coal reserves. The Director, ruling that completion of the conventional well would not harm coal reserves, denied the objection. The decision of the Director was upheld.

4. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit AZ-138, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-05-1115-1523.

In the AZ-138 58.74-acre unit, the operator controls 83.8% of the coal and gas interests, and seeks to pool the remaining 16.2% of the interests. Unleased acreage subject to pooling totals 9.5 net acres in six tracts having 43 unleased owners. There are conflicting claimants and unknown owners subject to escrow. A permit application has been submitted. Pooling was approved.

5. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BE-100, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-05-1115-1524.

In the BE-100 58.78-acre unit, the applicant controls 100% of the coal interests and 83.8% of the gas interests, and seeks to pool the remaining 16.2% of the gas interests. Unleased gas acreage subject to pooling totals 9.5 net acres in 10 tracts with 33 unleased claimants. There are conflicting claimants and unknown owners subject to escrow. A permit to drill was issued on 1/19/05. Pooling was approved.

6. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BE-120, New Garden District, Russell County, Virginia. Docket Number VGOB-05-1115-1525.

In the BE-120 58.74-acre unit, the applicant controls 100% of the coal interests and 79.2% of the gas interests, and seeks to pool the remaining 20.8% of the gas interests. Unleased gas acreage subject to pooling totals 12.2 net acres in four tracts with 18 unleased claimants. There are conflicting claimants and unknown owners subject to escrow. A permit to drill was issued on 9/6/05. Pooling was approved.

7. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BG-121, New Garden District, Russell County, Virginia. Docket Number VGOB-05-1115-1526.

In the BG-121 58.74-acre unit, the applicant controls 100% of the coal interests and 99.5% of the gas interests, and seeks to pool the remaining 0.5% of the gas interests. Unleased gas acreage subject to pooling totals 0.27 net acres in one tract with one unleased claimant. There are conflicting claimants subject to escrow. A permit to drill was issued on 9/6/05. Pooling was approved.

8. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BI-108, New Garden District, Russell County, Virginia. Docket Number VGOB-05-1115-1527.

In the BI-108 58.74-acre unit, the operator controls 96.8% of the coal and gas interests, and seeks to pool the remaining 3.2% of the interests. Unleased acreage subject to pooling totals 1.9 net acres in six tracts having 45 unleased owners. There are conflicting claimants and unknown owners subject to escrow. A permit to drill the unit was issued on 9/6/05. Pooling was approved.

9. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BI-109, New Garden District, Russell County, Virginia. Docket Number VGOB-05-1115-1528.

In the BI-109 58.74-acre unit, the operator controls 99.3% of the coal and gas interests, and seeks to pool the remaining 0.7% of the interests. Unleased acreage subject to pooling totals 0.5 net acres in two tracts having 39 unleased owners. There are conflicting claimants and unknown owners subject to escrow. A permit to drill the unit was issued on 8/24/05. Pooling was approved.

10. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BJ-108, New Garden District, Russell County, Virginia. Docket Number VGOB-05-1115-1529.

In the BJ-108 58.74-acre unit, the operator controls 97.7% of the coal and gas interests, and seeks to pool the remaining 2.3% of the interests. Unleased acreage subject to pooling totals 1.4 net acres in one tract having 37 unleased owners. There are conflicting claimants and unknown owners subject to escrow. A permit to drill the unit was issued on 10/3/05. Pooling was approved.

11. The Virginia Gas and Oil Board heard a petition from CNX Gas Company, LLC for modification of Oakwood 1 Field Rules to allow for drilling of additional coalbed methane frac wells within a boundary described by Units BB-27 to BB-31 on the north to Units CC-27 to CC-31 on the south, Buchanan and Russell Counties, Virginia. Docket Number VGOB-93-0216-0325-04.

The Oakwood Field Order currently allows one fraced coalbed methane well in each unit, and that well is to be drilled within the drilling window which is 300 feet inside the boundary of the unit. The applicant seeks to modify the order to allow for drilling of more than one frac well in each included unit, with the second well allowed to be drilled outside the window and not subject to the current 600 feet minimum spacing from other wells. The applicant also seeks exception to § 45.1-361.20.F which states: *Unless otherwise provided for by the Board, after an application for a hearing to establish or modify drilling units or pool boundaries has been filed, no additional wells shall be permitted in the pool until the Board's order establishing or modifying the pool or units has been entered.* In March of 2003 and January and March, 2005, the Board approved similar requests for drilling of multiple wells in each unit for units immediately south and east of those subject to this proposal. Modification of the field order was approved.

12. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536768, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-05-1115-1530.

In the VC-536768 58.77-acre unit, the applicant controls 100% of the coal interests and 96.1% of the gas interests, and seeks to pool the remaining 3.9% of the gas interests. Unleased gas acreage subject to pooling totals 2.3 net acres in two tracts with one unleased claimant. There are conflicting claimants subject to escrow. A permit to drill was issued on 10/26/05. Pooling was approved.

13. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536772, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-05-1115-1531.

In the VC-536772 58.77-acre unit, the applicant controls 100% of the coal interests and 99.1% of the gas interests, and seeks to pool the remaining 0.9% of the gas interests. Unleased gas acreage subject to pooling totals 0.53 net acres in one tract with one unleased claimant. There are conflicting claimants subject to escrow. A permit to drill was issued on 10/28/05. Pooling was approved.

14. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536616, Prater District, Buchanan County, Virginia. Docket Number VGOB-05-1115-1532.

In the VC-536616 58.77-acre unit, the applicant controls 100% of the coal interests and 0.5% of the gas interests, and seeks to pool the remaining 99.5% of the gas interests. Unleased gas acreage subject to pooling totals 58.49 net acres in one tract with one unleased and unlocatable claimant. The conflicting claimants/unlocatable owner are subject to escrow. No permit application has been submitted. Pooling was approved.

15. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536474, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-05-1115-1533.

In the VC-536474 58.77-acre unit, the operator controls 94.2% of the coal and gas interests, and seeks to pool the remaining 5.8% of the interests. Unleased acreage subject to pooling totals 3.4 net acres in one tract with one unleased and unknown owner. There are no conflicting claimants but there are unknown owners subject to escrow. A permit to drill the unit was issued on 11/1/05. Pooling was approved.

16. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-503440, Kenady District, Dickenson County, Virginia. Docket Number VGOB-05-1115-1534.

In the VC-503440 58.77-acre unit, the applicant controls 100% of the coal interests and 94.8% of the gas interests, and seeks to pool the remaining 5.2% of the gas interests. Unleased gas acreage subject to pooling totals 3.1 net acres in one tract with one unleased and unlocatable claimant. There are conflicting claimants and unlocatable owners subject to escrow. A permit application has been submitted. Pooling was approved.

17. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536082, Kenady District, Dickenson County, Virginia. Docket Number VGOB-05-1115-1535.

In the VC-536082 58.77-acre unit, the applicant controls 100% of the coal interests and 98.3% of the gas interests, and seeks to pool the remaining 1.8% of the gas interests. Unleased gas acreage subject to pooling totals 1.0 net acre in one tract with one unleased and unlocatable claimant. There are conflicting claimants and unlocatable owners subject to escrow. A permit application has been submitted. Pooling was approved.

18. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536054, Kenady District, Dickenson County, Virginia. Docket Number VGOB-05-1115-1536.

In the VC-536054 58.77-acre unit, the applicant controls 100% of the coal interests and 97.9% of the gas interests, and seeks to pool the remaining 2.1% of the gas interests. Unleased gas acreage subject to pooling totals 1.2 net acres in one tract with one unleased claimant. There are conflicting claimants subject to escrow. A permit to drill the unit was issued on 7/5/05. Pooling was approved.

19. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536475, Sandlick District, Dickenson County, Virginia. Docket Number VGOB-05-1115-1537.

In the VC-536475 58.77-acre unit, the operator controls 98.1% of the coal and gas interests, and seeks to pool the remaining 1.9% of the interests. Unleased acreage subject to pooling totals 1.1 net acres in one tract with one unleased and unknown owner. There are no conflicting claimants but there are unknown owners subject to escrow. A permit to drill the unit was issued on 11/1/05. Pooling was approved.

20. The Virginia Gas and Oil Board heard a petition from Equitable Production Company for pooling of coalbed methane unit VC-536612, Prater District, Buchanan County, Virginia. Docket Number VGOB-05-1115-1538.

In the VC-536612 58.77-acre unit, the applicant controls 100% of the coal interests and 0.0% of the gas interests, and seeks to pool 100% of the gas interests. Unleased gas acreage subject to pooling totals 58.77 net acres in one tract with one unleased and unlocatable claimant. The conflicting claimants/unlocatable owner are subject to escrow. A permit application has been submitted. Pooling was approved.

21. The Virginia Gas and Oil Board heard a petition from Hard Rock Exploration, Inc. for pooling of conventional gas unit HRVAE #15, South Grundy District, Buchanan County, Virginia. Docket Number VGOB-05-1115-1539.

In the HRVAE #15 112.69-acre conventional gas unit, the applicant controls 41.8% of the oil and gas interests, and seeks to

pool the remaining 58.2% of the interests. Acreage not under lease to the applicant and subject to pooling totals 65.6 net acres in two tracts having two owners who are leased to a different operator. There are no unlocated owners subject to escrow. No permit application has been submitted. Continued to December hearing.

The deadline for filing of petitions to the Board for the December hearing is 5 p.m., Friday, November 11, 2005 with the hearing scheduled for 9 a.m. on Tuesday, December 13, 2005 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.

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